

Council Papers

a Cooperative Community Council publication

Cycle 6 No 6, May, 1996

News

Minute articles from
the 35th council
Cooperation News

Features

*Federal principles:
Networks and
co-operation*

Art

*Graphics - See Saw
& the balance of vision
by Mary-Kate Thomson*

Mainstream the focus in Qld co-op sector conference

report by Anthony Esposito, CCC Secretary

ISSUES of relevance to mainstream, commercial cooperatives dealing with the challenges of competitive market environments were the central focus of a one day conference held on the Gold Coast recently.

The annual conference of the Cooperative Federation of Queensland brought together representatives from a number of the major primary industry cooperatives and leaders and policy makers in the field.

The CFQ has predominantly and traditionally been a federation of primary producer cooperatives. This is a consequence of history and a reflection of both the legislative environment in Queensland, with two principal pieces of co-op law, and the economic strength of these particular cooperative organisations.

Recent initiatives on the part of the Federation have started to open channels for cooperatives from the community and non-rural sectors. The CCC was represented at the conference.

The issues dealt with at the conference were of relevance in a general sense to all cooperatives. Sessions covered business directions and opportunities,

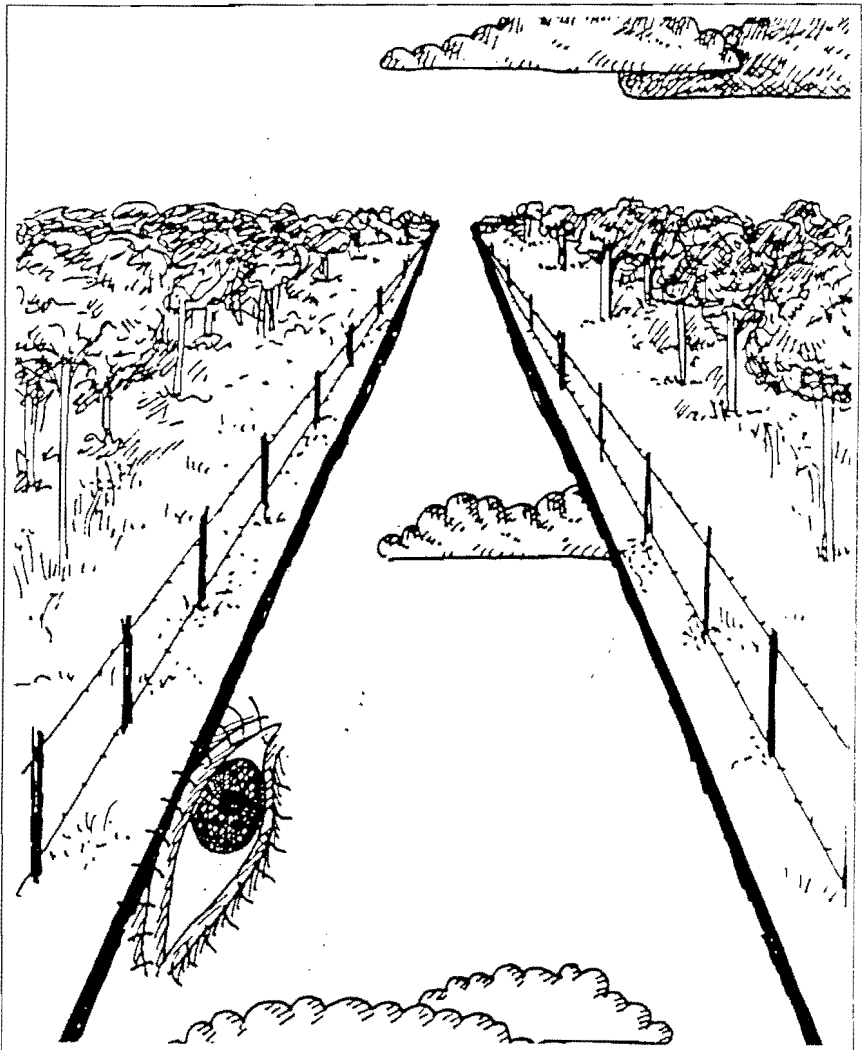
continued page 12

A good weekend!

11th annual Cooperative Education event affirms SEQ region's cooperative community strength

The CCC's 1996 Cooperative Education Weekend in late April, was affirmed a success by participants. More than forty people attended from a variety of community co-ops in the region. Several newly developing cooperatives were represented.

Formal evaluation, and plenty of anecdotal evidence, indicated the event was seen as entirely positive by attendees. The programme was notable for its guest presenters, and the relevance and coherence of the educational programme.



Future directions in community housing

The challenge of change has prompted the Queensland Community Housing Coalition to organise a one day conference on the future of community housing.

Community housing is an alternative to Public Housing where community groups receive government funds to set up and operate low cost housing for people in need.

The conference, called "Future Directions in Community Housing", is primarily aimed at people involved with community housing in the Brisbane, Gold Coast, Sunshine Coast, Ipswich and Caboolture regions. The new Minister for Public Works and

Housing, Ray Connor, M.L.A., will be speaking at the conference.

Margi O'Connell, coordinator of Queensland Community Housing Coalition, said that "since 1984, the community housing sector has grown and developed. This growth alone is reason to have a conference to plan the future. In addition, we have changes in state and federal governments which also effect community housing. All this means changes to funding mechanisms, management requirements and to policy. It is important that the community is informed and involved in these changes".

continued - page 2



Minutes of the 35th CCC meeting

held 30 March, 1996

at the CCC Secretariat,
St Johns Wood, Brisbane

Attendance: Christine Zangari, Merv Partridge, Rosanne Brown, Darren Gyde, Jill Jordan, Anthony Esposito, Paul Monsour. **Apologies:** Ann Jupp

Facilitator: Rosanne Brown

Minutes: Paul Monsour

Agenda

1. Minutes of the 34th meeting
2. Secretariat review
3. '96 Cooperative Education Weekend
4. Cooperative legislation change
5. CCC associated cooperatives
6. Community Works incorporation
7. Miscellaneous - a CCC Internet Homepage; the CFQ conference; CCC annual meeting

Acceptance of Minutes of the 34th meeting

Amendments

Page 2 - "Council Finances Reviewed", Para 3 - "...pointed out by Paul Monsour" should read "...pointed out by Christine Zangari".

Page 3 - "CCC's 1996 Education Event ...", Para 1 - remove the name "Paul".

Resolved

Acceptance of the minutes as amended was moved by Christine, seconded by Anthony, and carried.

Council Papers

The Council Papers are edited and published bi-monthly by the Secretariat of the Cooperative Community Council. The Council Papers are open to submission of art work and articles from members and associates. Views expressed in the Council Papers are not necessarily the views or policies of the Council. The Council reserves the right to select content. Contact the Secretary on 07 3366 7089 or by mail at CCC Secretariat, 39 St Johns Ave, Ashgrove, Brisbane, 4060.

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The CCC's 6th Annual Meeting

The 6th Annual Meeting of the CCC will be held on Saturday 1 June, 1996 at the Paddington Workers Club, Union Cooperative, the corner of Latrobe and Given Terraces (enter from Given Tce), Paddington, Brisbane.

The event will run from 10:00am to 1:00pm.

The meeting will be in two parts of an hour and a half each. The first part will be a guest presenter workshop session. This will involve a presentation by

George Georges, a long time member of the Union Cooperative.

He will be speaking on the more-than-30-year-history of the co-op. The second part of the meeting will be the formal Annual Meeting of the council.

It is open to both members and associates.

Future Directions in Community Housing

continued from page 1

In Queensland, there are about 350 organisations providing this form of housing. The number is growing every year. Because community housing is tenant managed, the housing can be better targeted to meet the unique needs of individuals and tenant groups.

A diversity of organisations provide community housing to a wide range of tenants. The range of tenants in community housing reflects the diversity of the Australian community. In Queensland, community housing is run by ethnic communities, Aboriginal groups, organisations serving people with special medical needs such as the aged, and people with AIDS.

Many community organisations can also only be described as helping out "Aussie battlers".

Providers of community housing range from Church based organisations, to housing cooperatives, through a wide variety of community associations, and local governments.

by Malcom Lewis

Future Directions

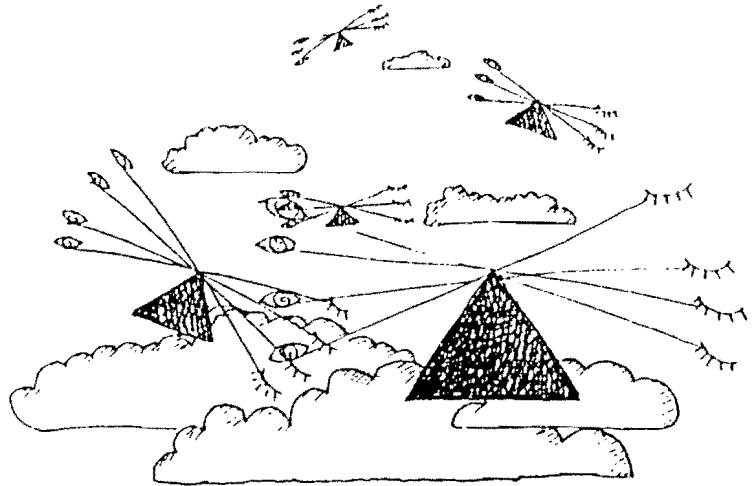
in Community Housing Conference

School of Arts, 166 Anne St, Brisbane, Thursday, 30 May 1996. Cost is \$20 per organisation for up to four representatives. Call 07 3844 9947 or 1800 172 019 for a registration form.

Appreciation given

Christine expressed appreciation of the latest Council Papers (Cycle 6 No 5) artwork by Kerry Petherbridge. Jill said that she thought the whole production of the papers was "just beautiful" and an education. Others present agreed and thanked Anthony for his continuing work. Anthony said that in this cycle of the papers he has focused on getting all of the artistic contributions from a number of members of the Artie Ganzas Artists Co-op and that with the final issue of the present cycle he will acknowledge this contribution.

Work of secretariat endorsed



Anthony raised the matter of reviewing the structure of the Secretariat, referring back to his brief discussion paper tabled at the 32nd CCC meeting. The paper was a response to discussions at the last annual meeting which had resulted in only one of two secretary positions being filled and a Maleny 'contact' being appointed. The paper put forward the proposition that the work associated with running the Secretariat did not require two secretaries and that the joint secretaries arrangement stood 'mainly as a philosophic commitment'. This had become clear when Paul and Anthony were both acting as co-secretaries. Paul's role in practice focused largely on ensuring the continuity and organisation of the Education Weekends and not on the tasks presently identified with the Secretariat.

Anthony said the emphasis should be on 'developing a capable secretariat and an effective coordination mechanism for the council in the period between meetings'. He proposed that the responsibility for the secretariat be defined within 'a single position' and the rules be changed accordingly. He said that additionally the change could provide 'for any number of specialised secretaries or facilitators in areas deemed to require a person to serve as a point of contact and coordination'. These people could work where necessary with the 'council secretary', so that Secretariat support could be given and so 'a general point of coordination on all council activities' could be maintained.

Anthony pointed out this was occurring. Support has been provided for Kerry in her role as ICA correspondent, for the legislation working group and for the organising groups for the CCC Education Events.

The council recognised that the proposals being discussed were a reflection of current practice and were simply a matter of updating the rules. There was general acknowledgment that the Secretariat structure had

evolved considerably and now entailed quite specialised skills and tasks, and that filling the position of secretary will require recognition of this if the work is to be carried on at the same level. Christine said that this had happened because of Anthony's contribution in developing the Council Papers and the 'political' functions of the position. In response to this, Anthony's contribution was acknowledged and affirmed by those present.

Jill said that she was concerned to ensure that the workload of the secretariat was not too much and that there was sufficient support from the group for work to be carried out. Anthony mentioned that the time involved amounts, in total, to about 1 week every 2 months and that he would welcome offers of assistance with the work.

When questioned about his feelings towards the position and whether he was concerned about continuing, Anthony said that he derived great satisfaction from the work and did not feel the need to give it up. However, he was happy for someone to come forward and also nominate for the position, and see it decided by democratic election.

The understanding of the meeting was that a rule change was needed to amend the current formally stated position of two secretaries. The current structure of the Secretariat providing support for working groups should remain.

Darren proposed that the wording of the constitution be changed to reflect the current situation, allowing the possibility of more than one secretary if necessary, with Anthony to draft the appropriate wording. Anthony moved that the proposal be accepted. It was seconded by Rosanne and carried by consensus.

Christine moved a motion of appreciation for Anthony for the intellectual input in shaping the Secretariat, and his practical work as secretary. This was seconded by Jill and carried.

Proposed change to the CCC constitution

NOTICE: The following change is proposed to the constitution of the CCC.

Rule 16. Secretariat and Custody of Books and Documents

(a) The council shall maintain a secretariat ~~There shall be a secretariat of the council and it shall be cooperative; this shall be reflected by there being two secretaries.~~

(b) The functions of the secretariat are ~~is the joint responsibility of a the general secretary co-secretaries and may include discreet areas of responsibility for each~~ elected to the office by a general meeting of the council.

(c) The general secretary ~~co-secretaries~~ shall maintain the public officer functions of the council including treasury matters.

Rule 17. Office of a Secretary

(a) The term of office for ~~a the~~ general secretary shall be two years.

~~(c) The secretaries shall retire in alternating years.~~

(c) The council may appoint any other secretary, or facilitator, or coordinator, for any purpose, and for any term, as they see fit.

(d) A ~~retiring~~ secretary retiring at the expiration of his or her appointment may stand for renomination.

Cooperative legislation

Independence and cooperation key to council's law change strategy

The council continues to monitor the progress of moves for legislative change, to communicate its own concerns, and to build relations with interests vital to a positive legislative outcome. Discussions in the council have it looking at a variety of factors. This report highlights those factors current at the 35th meeting.

The Cooperative Federation of Queensland (CFQ) annual conference was identified as an event to provide an important focus on the legislative change situation in Queensland and to further our contacts with the CFQ. Merv was scheduled to speak at the conference and Anthony was looking at his options for attending.

The council views it as important to know where the decision makers on legislative change are coming from and to look at avenues to work with them. The view is that the principal decision makers are pro-active in terms of the rural cooperative sector's needs. The fact that Jim Howard is willing to work with the council gives us a link, through the CFQ, to the rural and bigger co-ops and possibly to the State Government. This cooperation gives the council an opportunity to also identify common issues.

The situation with the change of State Government highlights the fact that the council needs to widen its strategy. Our previous approach had only the Government in mind. This will be revised and we will attempt to talk to both sides of the House - Government and Opposition. This is of considerable strategic importance while the Parliament is so finely balanced.

The council is aware that there will be changes with the new Federal Government. It is still unclear how these changes may effect the main focus of the council: the Cooperative Enterprise Project start-up kits. The kits are a DEET funded product and may rely for broad effectiveness on some of the federal labour market programmes. The council will maintain close contact with Anthony Jensen, the Cooperative Enterprise Project convenor, on this issue.

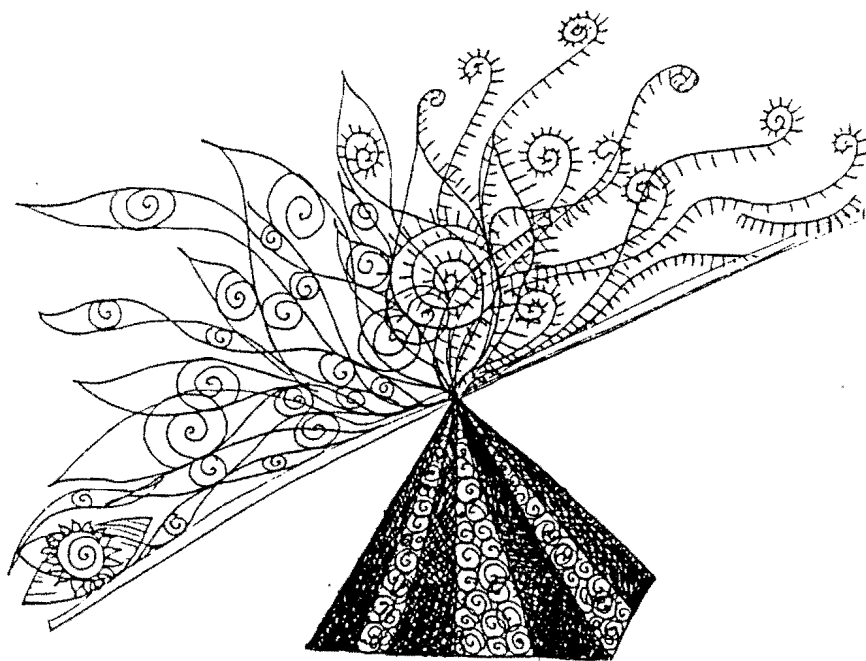
Concerns were expressed and acknowledged that the council must retain its independence in whatever dealings it has with Government and other political interest groups. It was affirmed that the council has

always operated autonomously on legislative change and other matters and will continue to do so - the council is not about doing deals.

The councils approach will be to:

- ~ look for common ground with groups across the spectrum of cooperation,
- ~ attempt to work on interests of common concern and mutual interest,
- ~ highlight the new, seventh cooperative principle, concern for community, as a key to increasing cooperation
- ~ continue to build contacts and working relations,
- ~ engage only in proper negotiations, using formal channels wherever possible,
- ~ recognise alliances of mutual convenience as being of value,
- ~ ensure that there is no merging of interests and that the council retains the ability to set its own terms,
- ~ identify and deal equally with other representative political interests in the wider community, who are or could be interested in future developments for cooperatives,
- ~ encourage wider political discussions, focusing especially on the idea of cooperative development as an alternative or complement to both economic rationalism and welfare statism.

The council will continue with its communications and convene a legislative working group meeting before the next council meeting. Darren Gyde expressed interest in attending that meeting and his interest was welcomed.



"see-saw"

CCC associated co-ops

Focusing on community co-op boards

There are currently 5 associated co-ops, and another 10 on the complimentary mailing list. Good Foods Co-op in Brisbane is one associate.

Anthony attended a Good Foods directors' meeting last week to inform them of the council and its activities. Darren Gyde was appointed as the Good Foods co-op delegate. He was in attendance at his first council meeting.

Anthony said that he intends to get around to the board meetings of the CCC associated co-ops to discuss the council, and in particular the legislative change process, if they are interested.

He asked Jill for her assistance in Maleny meetings. He said he has thought these visits could be a precursor to convening a CCC forum with co-op delegates and Jim Howard from the Cooperative Federation of Queensland on legislative change. Jill suggested that there be one forum in Maleny and one in Brisbane.

Groups or individuals on the complimentary mailing list are to be informed at the end of their free mail-outs and invited to associate with the council for the annual fee. They should also be informed of any upcoming forums.

Cooperative Education

Practical reforms add to CCC education

Education development

On the matter of education development, Christine mentioned that some changes have started to happen through the organisation of this year's education weekend - especially that a broader educational focus is being introduced.

She said that this was reflected in particular in the involvement of the guest speakers - Sandra Harding, Anthony Jensen and Gary Lewis.

Anthony referred to another instance in education development: the proposed change in format of the CCC annual meeting. An educational component is to be introduced in the form of a guest presenter workshop prior to the business of the meeting.

He intends to follow through on his previous request to George Georges for a presentation on the history of the Union Cooperative. This is supported enthusiastically.

Anthony asks if it is acceptable that the annual meeting be in Brisbane this year, at the Paddington Workers Club, as this will make it easier to ensure George's attendance. It is agreed.

'96 Education Weekend

Anthony reported that about 100 brochure-style programmes for the weekend had been sent out to individuals and groups. It is estimated that the message should reach between 300 to 500 people.

Merv suggested that the production of a screen printed poster may be useful for publicity. He said that a large print run could be produced, to cover several years, with a space on the poster to put the date and venue details for each year.

Anthony pointed out that the brochures are designed to also serve as a poster when photocopied enlarged and in fact some posters were already in circulation. He also mentioned that it has been usual practice to design a unique logo image for each event.

It was decided to produce another 25 brochures and 25 posters. It was thought that Merv's poster suggestion could be considered by the 1997 Education Weekend working group.

Community Works

Development agency formed

The formation meeting of Community Works Inc. happened on the 3rd of March. The group have not yet received the official word on formal registration as a non-profit association.

Jill moved a vote of thanks to Anthony for the work involved in getting the formation done. Merv seconded this and it was carried by everyone.

The background of Community Works as the Cooperative Education Strategy Group (originally a committee of the council) was explained. Community Works continuing links and mutual agreements with the CCC, and its intended role as a cooperative development agency were reiterated to the meeting.

Miscellaneous

A CCC Internet Page

Peter Pamment can put up the CCC Home Page on the Internet whenever he is given the appropriate information. Anthony will follow this up and work out a presentation with Merv.

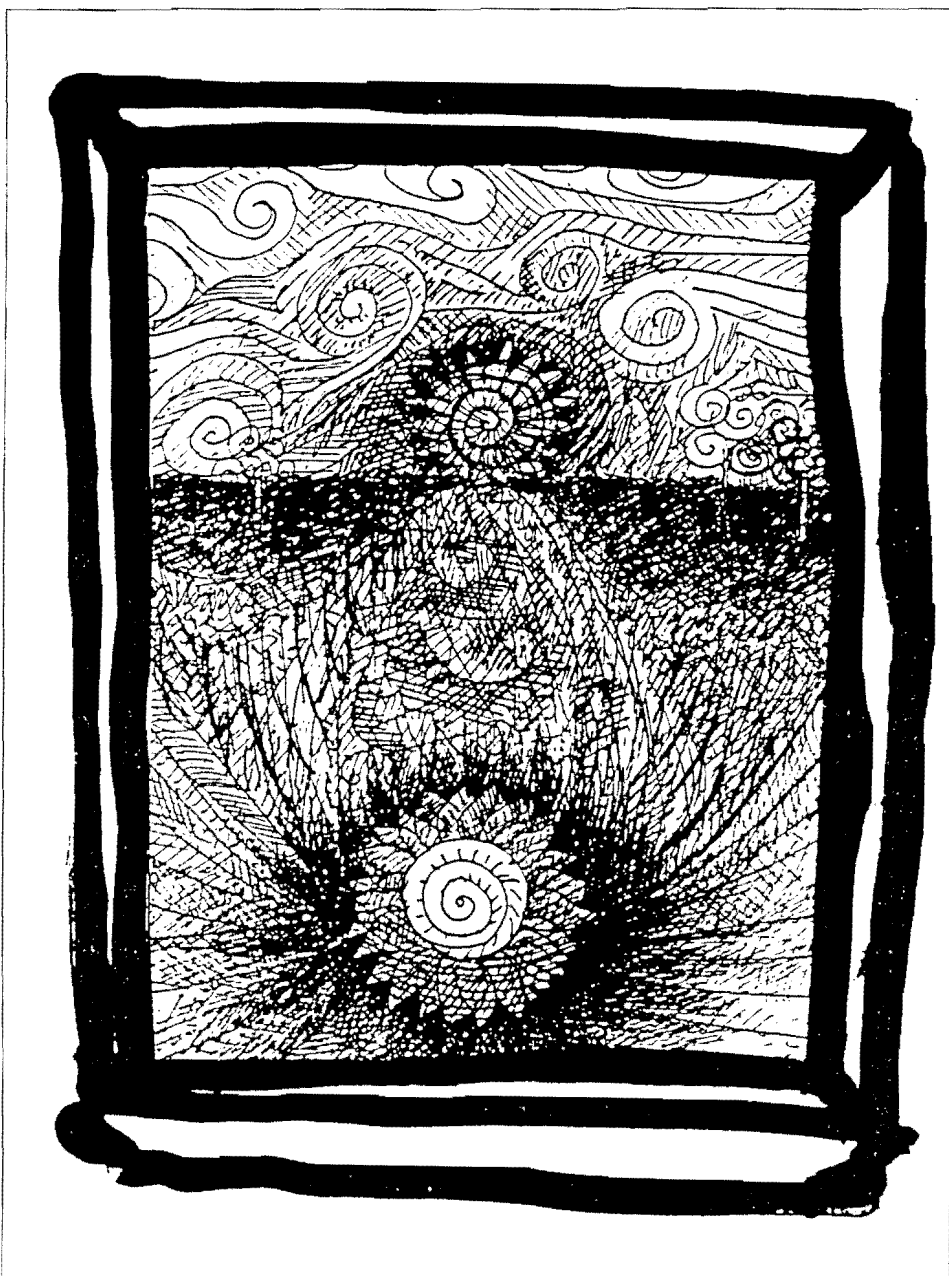
CFQ Conference

The annual general meeting and conference of the Cooperative Federation of Queensland will be held on 17 and 18 April, at Sea World Nara Resort, the Gold Coast.

Merv will be giving a talk in his capacity of media lecturer. The presentation will be on Cooperative Image Improvement.

Next CCC Annual Meeting

It is decided to hold the next annual meeting of the council - the 6th - at the Paddington Workers Club, Union Co-operative, Paddington, Brisbane on Saturday June 1st.



Cooperation news - reports

Bunya Bridge Growers Cooperative

New regional primary production co-op formed

The Bunya Bridge Growers Cooperative inaugural meeting was convened by Jack Hogan and Lucy Connop, of Mary Valley Plantation, to incorporate an association of small crop producers.

Members of the CCC had the opportunity to meet Jack and Lucy at the recent Cooperative Education Weekend.

CCC Secretary, Anthony Esposito, was invited to facilitate the formation meeting of this new primary producers cooperative.

The formation of the cooperative concludes a year's work which was commenced with a three day workshop and search conference in Gympie.

The newly formed cooperative will focus its production activities in the Mary Valley region, a geographic area at the junction of three shires, Noosa, Cooloola and Maroochy. It will be based on value-adding of vegetables and the growing of specialty exotic and sub-tropical produce.

Products will be developed for a range of market outlets including the restaurant trade and Asian export markets.

The co-op aims to provide its members with an administration and coordination service, research and development, and marketing and value-adding. It will offer strategic business planning.

The co-op hopes to be a mover in regional development establishing infrastructure within the wider community through development of joint ventures, cooperative investment into existing enterprises and form-

ing subsidiary companies to provide the services required to aid members to realise their ambitions.

Jack Hogan, formation chairman, described the venture at the initial workshop. He said he had embraced a generational farming legacy that he wants to preserve. He is very concerned with development on the 'home-front'.

He sees the cooperative involving a regional approach, long-term planning and attempts to deal with global economic forces.

His view is that there are benefits and advantages to be accessed by a cooperative.

Education, through the opportunity to talk with people and share ideas, is one. There is advantage in 'through-put' increasing and also big advantages from technological progress, such as food safety and tracking of farm inputs.

Personal benefits can come from the cooperative structure and finances and from sharing a market. Environmental benefits can be realised by such things as crop sharing to adapt to specific local conditions, such as pests.

Jack has said that "information is the trend" and that "a cooperative needs to be looking at overseas and domestic trends, then innovate and stay ahead of the game".

He considers that a cooperative of primary producers needs to be forward thinking and very complex with its planning.

The cooperative was formed on the 15th of May, 1996 and is applying for registration under the Primary Producers Cooperative Associations Act, 1923.

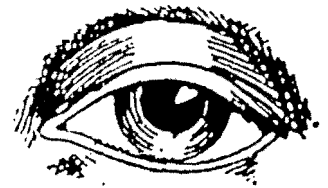
Members of the association will seek to implement cooperative projects with emphasis on community businesses, local economic enterprise, and cooperative education.

Projects may be initiated by the members, as joint ventures with other voluntary agencies and organisations, or by friends and associates of Community Works needing the skills and structure provided by the association.

Community Works will also seek 'partnership projects' involving collaboration with government agencies in the field of community and cooperative development.

Expressions of interest are welcome.

Contact Anthony Esposito, Convenor, on 07 3366 7089.



Ethical funds hit \$100 million mark

Women in workforce underpin boom in ethical investment

A report in the Australian newspaper by Bina Brown has said that "an increase in the number of women in the workforce has underpinned a boom in Australasia of ethical investment funds". The report is based on a survey entitled Ethical Investment in Australasia by investment researcher and manager Mr Trevor Lee.

Mr Lee's survey concludes that "on average, women are more likely than men to put a greater proportion of their savings into ethical investments".

"The survey found that women are a driving force in the growth of ethical funds", Mr Lee said.

According to the Australian newspaper article "ethical investment funds in Australia have grown from around \$30 million in 1990 to \$100 million - excluding the huge \$1.5 billion housed in church funds. Ethical funds in the United States and Britain (also excluding church funds) have amassed \$1.6 billion".

"The challenge is to build investor confidence, because there are a lot more people who think that ethical investment is a good idea than there are investing in ethical funds", Mr Lee said.

The article says that "seven researchers from around the country, each specialist financial planners in the ethical investment field, found the bulk of ethical investment in the Asia-Pacific region was Australia-based, with several local funds looking to New Zealand investors to augment their current boom".

"This makes Australia... the clear leader in our region in this growing field", Mr Lee said.

Source: The Australian, 15 April, 1996, p17.

Community Works incorporates

Development agency for regional community

The Cooperative Education Strategy Group, originally a committee of the CCC, have moved to incorporate their activities as Community Works Inc. Community Works will be a non-profit association functioning as a community-based, cooperative development agency.

Community Works will also act, by agreement, has a financial arm for the CCC on projects requiring incorporation for project funding and management.

Cooperation news - reports

World overview

News from the International Cooperative Alliance bulletin

Canada

THE CANADIAN Cooperative Association hosted a three-week on-line conference on the Internet on the revised cooperative principles. The discussion forum brought together 70 subscribers from Canada, the US, UK, Australia, Switzerland and Sweden. A summary of the discussions can be accessed through the ICA Web Pages (<http://www.coop.org>).

THE DESJARDINS caisse populaire movement in Quebec has successfully launched the first "Debenture Desjardins", with a total value of 200 million US dollars. Offered mainly to institutional investors in the United States, the debentures have an interest rate of 7.37% and carry no vote rights.

According to Desjardins President, Claude Beland, this new form of capitalisation demonstrates that the cooperative system can successfully enter the large institutional investment market, "while at the same time respecting its mission, values, and distinctive character".

China

NTUC INCOME, Singapore, and Unipol, Italy, have become the first cooperative insurers in the world to be granted representative office licences in China.

The two organisations will work with the All China Federation of Trade Unions in joint projects and market research.

Finland

FINLAND'S two consumer cooperative groups shared in the general recovery of the Finnish economy during 1994.

The S group's food and grocery sales increased by 4.4%, bringing its market share to 22%. The net turnover for Tradeka Consolidated Company grew by 3%. During the year 150,000 new households joined the Loyal Customer Scheme.

India

THE INSTITUTE of Rural Management (IRMA), Anand, India will organise a national Seminar on 'Rediscovering Cooperation' in November 1996. In view of the significant changes in the social, political and economic environment in recent years, IRMA has called for research proposals on

themes such as 'Bases of Cooperation', 'Strategies for the Models of Tomorrow', and 'Cooperatives in the Emerging Context'. IRMA will provide funding support for field research and will also reimburse travel costs and provide local hospitality to authors of accepted papers for participation in the Seminar.

Further details from Prof. R. Rajagopalan, IRMA, Post Box 60, Anand 388 001, Gujarat, India.

Tel: (91) 2692 40391. Fax: (91) 2692 40188. E-mail: raja@irm.ernet.in.

Japan

JA-ZENCHU has launched a Web Site, which can be accessed at <http://www.rim.or.jp/ci/ja/> or through the ICA Web Pages at <http://www.coop.org>

The site aims to provide domestic agricultural information, to stress the importance of JA-ZENCHU's information service and to interact with other networks internationally. The site will promote the JA group's activities.

AS a response to the fast aging rural society in Japan, the JA group has started a home-helper training programme which has trained 18,000 home helpers in the past year and aims to increase the number trained to approximately 60,000 by the end of the year 2000.

Poland

LAST October, the Polish Parliament approved a Credit Union Act submitted by the National Association of Polish Credit Unions. The Act received almost unanimous support from the Sejm - the Lower Chamber - with 317 votes for and only 8 against. The victory in the Parliament follows more than two years of strenuous efforts dedicated to securing legislation for the Polish credit union movement.

Portugal

THE XXI Ciriéc International Congress will be held in Lisbon. The general theme of the Congress will be 'Towards economic and social cohesion? The contribution of public enterprises, cooperatives and social economy enterprises'.

Topics for discussion will include: prevention of social exclusion; provision and financing modes of public and social services; transnational infrastructure networks; privatisation experiences (including Eastern Europe); services in the general interest facing liberalisation; and the future of public services in the European Union.

United Kingdom

THE BUILDING and Social Foundation invites entries for the World Habitat Awards 1996. The awards, initiated in 1985 by the Foundation, are part of its contribution to the UN International Year of Shelter for the Homeless in 1987.

Each year, two awards of £10,000 are given to the winners of a competition for human settlement projects offering sustainable futures to residents and providing practical and imaginative solutions to current housing problems.

USA

NEW COOPERATIVES across the USA are revitalising rural communities, according to testimony provided at a USDA hearing by the National Cooperative Business Association (NCBA).

A small USDA programme that funds regional cooperative development centres is showing great results. Over the last 10 years, NCBA has committed itself to the creation and successful operation of centres for rural cooperative development. Today, all across rural America, citizens are using cooperatives to start their own businesses. In the Western part of the US, cooperatives create new jobs processing recycled material into retail products; in the upper Midwest, cooperatives engage in value-added processing of agricultural products, raising farm income on the commodities they produce; and in the South, community development credit unions are providing loans for small businesses owned by minorities.

This economic development activity is conducted on a regional basis through a network of cooperative development centres.

THE NCBA launched the CLUSA Institute for Cooperative Development in January 1996. The institute will increase the capacity of cooperatives to provide concrete solutions to contemporary problems and act as a catalysts to replicate successful cooperative development models around the country and overseas.

Zambia

The Zambian Cooperative Federation recorded decreased profits in 94-95, but continued its restructuring in order to cope with the effects of a Structural Adjustment Programme. Staff size was reduced from 415 to 282 as part of ZCF's cost-cutting measures. Zambia's '94 GDP declined in real terms and food produce fell 19.8%.



FEDERAL PRINCIPLES

Networks

and

Co-operation

Characteristics of innovative enterprises

Cooperative networks

by Stewart Clegg and Salvador Porras

One might expect that organisations premised on the cooperative form at the primary level should be more effective when networking at higher levels. Trust is the crucial factor.

In organisations whose primary form is cooperative, trust may be less problematic and easier to establish than in other types of organisations.

Moreover, research suggests that in cooperatives, especially those that are collectivist organisations, tight entry control on membership, usually expressed in terms of ideological commitment, ensure that trust levels are higher than they otherwise might be.

Trust is not only central to cooperative forms; it is also at the core of network formation and effectiveness. However, as

one moves to the secondary or tertiary level of organisation form, the controls are much looser, and the realities of power become more pervasive, particularly as differential stockholding may be vested in the cooperative network.

Network formation, through alliances, federations, and other forms of joint activity, extend the community of cooperation from face-to-face members to collaborators increasingly spatially distant from the here-and-now.

One effect of the growth of the network form is that the boundary between cooperative and competitive organisation blurs. Once upon a time organisations based on cooperation could be contrasted starkly with those based on competition.

Today, as business network programmes expand in areas of erstwhile competition, this is no longer the case.

The dissolution of sharp boundaries is not a result of pressure from the emergence of networks: there is pressure also from the cooperative side of things.

McPherson suggests, in his paper *The Cooperative Identity in the 21st Century*, that - *cooperatives fulfil only some of their potential through what they do for members at the local level. They achieve their full potential only by effectively amassing their economic and social power in wider frameworks... Globalisation [makes it desirable] and increasingly more necessary for cooperatives to pool resources at the national and international levels; perhaps it is only by doing so that some of them can hope to survive in what is becoming more than ever before, an international market place.*

Once cooperatives cease to be oriented principally to their own internal cooperative functioning, and orient towards networks, their may be some organisation learning required. What can cooperatives learn from, and add to, networks?

Within networks, networking between medium and small business is an important strategy to enhance management skill development and organisational capacities.

The advantages of networks include:

- ~ risk spreading and resource sharing, avoiding costly duplication of independent effort;
- ~ enhanced flexibility compared to other forms of integration, such as take-over or merger;
- ~ increased access to know-how and information through collaborative relations at the preformal knowledge stage.

Networks can link multiple partners, often on an international basis, and are a significant mechanism for accessing external assets in the commercialisation process.

These assets can include capital; product design and marketing resources.

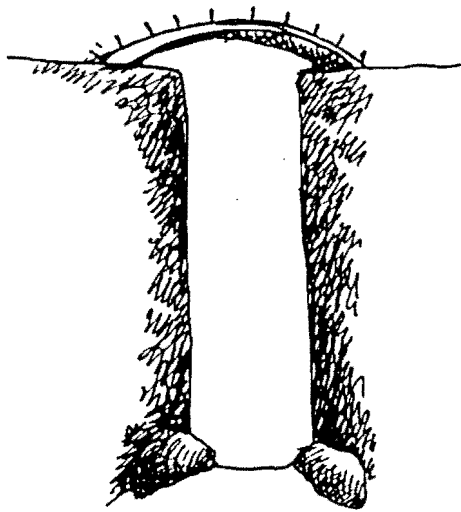
Establishing alliances with emerging firms offers access to leading edge technical developments in a new field.

Networks may be crucial for bringing an innovation to the marketplace where size and financial muscle are critical.

continued page 10

Networking and second tier cooperatives

by Douglas Watts



the abridged vision.

Group Business Services have developed an entity, which is a non-trading, non-profit, non-taxed, non-share issuing body corporate. It is called a Network Cooperative.

Network cooperatives operate significantly like most cooperatives, however with an emphasis on meeting face-to-face and the sharing of information.

Most decisions are by consensus and the board tends to meet only where legally necessary to confirm decisions of the members in network meetings.

Network cooperatives are established after developing a Strategic Plan for the group. This step is a necessity in all cases, even when the group appears for all intent and purpose to have the same reasons for existence as some previously established network. It is

imperative that members feel from the beginning that their input is recognised and the outcome is a consensus of the group's opinion.

The Strategic Plan distils the intent of the members coming to the group and becomes the guidelines for the cooperatives actions and activities in the formative years.

More probably than for trading cooperatives, network groups need to have this clear direction set down, as the measurement of their continuing success is not as easily determined, or quantified.

Network meetings (as distinct from board/general meetings) are held regularly (usually monthly), being mainly utilised in the transfer of information between members.

Business networking has become the flavour of the month

in Australia and we are likely to see many such formalised groups in the near future. Networking of Small to Medium Enterprises (SMEs) is now strongly promoted by Ausindustry with their plethora of accredited network brokers spreading out over the business community, intent upon incorporating numerous groups into network entities. In all of my recent experience in networking, I am convinced that cooperatives and networking are the logical partners in this new business culture and that the stakeholders in our cooperative movement should do all possible to recognise and assist its development.

Trading in information

Although we describe network cooperatives as non-trading, this is only in the conventionally accepted sense of trading in physical commodities.

We hear much these days of the future being the control of information: of the information superhighway; of information increasing exponentially and doubling over the next ten years. We are being told that the person or organisation which controls the information flow, controls its future.

Networking is the control of that information.

Network cooperatives are therefore in fact, trading - they are trading in information.

The future will see this type of cooperative increase in number, while expanding in opportunity and advantage.

Through this control of information e.g. market intelligence, innovative processes, financing et cetera, to name only a few, members will achieve their own physical trading results that were beyond their capabilities, prior to networking.

I believe the 21st century will see the transfer of information to be as important as the trading in physical commodities, if not more so.

continued page 11

Networking policy: implications for cooperatives

by Dr Nick Munk

In Australia small and medium size businesses (SMEs) in terms of numbers, dominate the manufacturing sector, representing more than 96% of the total number of firms. Economically their contribution accounts for about 34% of the manufacturing workforce and about 25% of turnover and value added.

SMEs are considered important for a number of reasons including:

- ~ they provide a source of potential or actual competition to larger firms in their industry, thereby providing a check on increasing prices and technological inefficiency;
 - ~ they are important creators of new jobs;
 - ~ they provide the seeds from which larger firms grow;
 - ~ they perform important roles as suppliers or subcontractors to larger firms;
 - ~ they provide dynamism to the economy and provide a vehicle for entrepreneurs to develop new ideas;
 - ~ they have the ability to supply niche markets while larger firms are too inflexible to do so;
 - ~ they can assist in the regeneration of depressed economic regions.
- On the other hand SMEs suffer from the following weaknesses:
- ~ lack of skills;
 - ~ lack of capital;
 - ~ lack of diversified product range;
 - ~ lack of market knowledge;
 - ~ lack of long term planning;
 - ~ lack of economic strength to negotiate with;
 - ~ lack of resources to carry out research and development.

continued - page 11

FEDERAL PRINCIPLES

Networks and Co-operation

Characteristics of innovative enterprises

continued from page 8

In a number of significant overseas cases these network organisations have become identified with strategic advantage by firms and competitive edge by nations.

Network organisations are coming to be seen as one of the principal organisational innovations of the 21st century.

They are the result either of allowing market forces into what would have been large corporations or the clustering and networking of smaller firms with each other to form larger entities that behave like quasi-firms but retain the flexibility and responsibility of their smaller constituent parts.

At their core are collaborative relations where conventional paradigms of firm behaviour would lead one to expect competition.

Building 'trust' in networks

Successful alliance, whether network or not, requires 'trust'. How does one build trust? Strategically, professionally managed firms will be seeking signs of professional competence, such as well thought out technological forecasting; frequently updated forecasts in the light of current developments; active search for shared management experience across different projects, and occasions for new project opportunities in any potential alliance with co-operative industry partners.

Some simple strategies suggest themselves, beyond professional competence, for building trust:

- Encourage friendship.
- Facilitate communication:

- ~ Limitations on management;
- ~ Test the water;
- ~ Anticipate disagreement;
- ~ Avoid surprise
- ~ Don't count on contracts;
- ~ Start small;
- ~ Move the people
- ~ Create a climate of trust
- ~ Show that it's action that counts.

Trust is based on individual experiences. Indeed, a synonym for trust could well be 'confidence' - that one has confidence in the actions of another.

At base, trust involves interpersonal relations, such that there is a high enough probability that a person or organisation with whom we are in contact will perform an action that is beneficial, or at least not detrimental, for us to consider engaging in some form of cooperation with this person or organisation in the future.

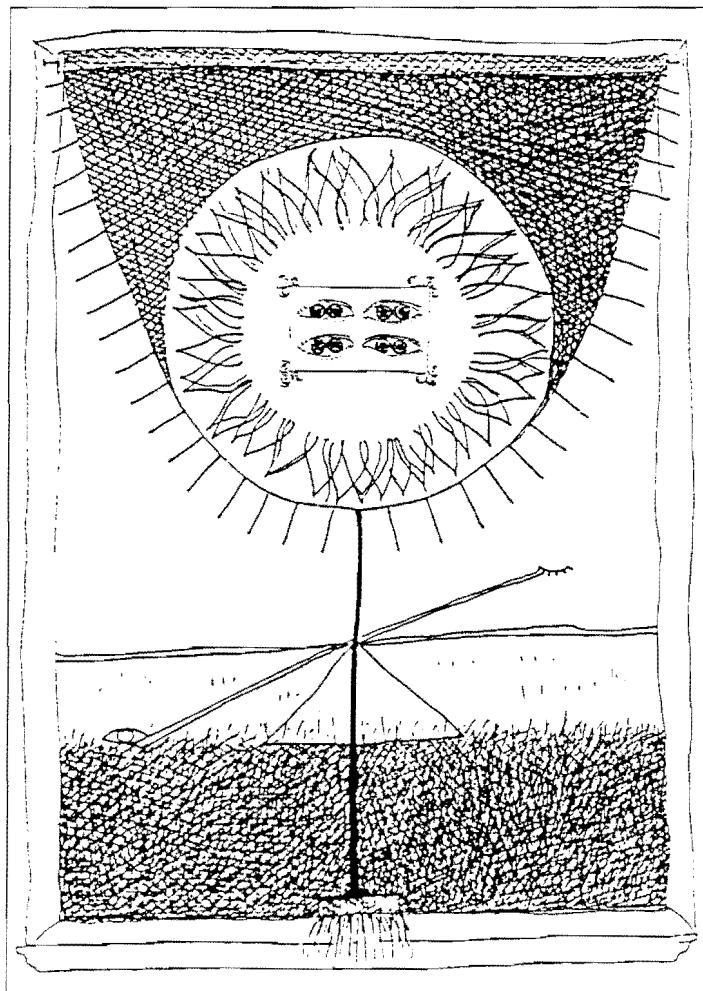
What are the components of trust? At the minimum most people would agree that the following qualities should be present: integrity; loyalty; competence; consistency, and openness.

Where trust is present it can reduce the 'transaction costs' associated with exchanges with others.

High levels of trust lead to informal assurances buttressing or aiding in the interpretation of, perhaps even replacing, formal contractual commitments.

There have been attempts to specify what the rules of trust might be: we can suggest the following:

- ~ Trust is not blind;
- ~ Trust demands boundaries;
- ~ Trust demands learning;
- ~ Trust is tough;
- ~ Trust needs bonding;
- ~ Trust needs personal contact to make it real;
- ~ Trust requires leaders



~ Trusts is inversely related to risk-estimate.

Where organisations seek to enter into alliances with others, whether the primary form of the organisation is cooperation or not, there are strategies that can be followed to increase trust. Careful attention to structure and organisation of the managerial role both internally, and in relations between organisations, is vital.

Managers of successful strategic alliances ensure that alliances are project-focused and that project teams have real decision authority and 100% project assignment.

It is important that clear goals, deadlines and implementation policies exist, and that timeframes for technical, market and other tests are adhered to rigorously.

Key functional representation should exist with the authority to act and project leaders should be chosen by the team with functional representatives reporting to them.

Trust increases where each project team is self-sufficient and include 'outsiders' like user-representatives. When teams have a social and celebratory dimension trust levels typically increase.

Also, where project participants have a prior experience with relevant technology or previous cooperative programmes it increases the probability of success in any given project.

Team commitment has to be greater than for the 'home' organisation interest, to handle the uncertainties introduced by the politics of cooperation, thus ensuring fuller goal commitment, irrespective of change.

Stewart Clegg is Foundation Professor of Management and Salvador T. Porras is a Doctoral Candidate at the University of Western Sydney, MacArthur.

This article is an edited extract from a paper of the same name.



Networking and second tier cooperatives

continued from page 9

Network cooperatives are in a position to be in the forefront of that change and to profit from it.

Networking the networks

Although network cooperatives are created to obtain critical mass for members to achieve results in many areas of their businesses previously excluded by size, cost, volume et cetera, what we eventually discovered was that regional networks of themselves even have limitations, or best described as missed opportunities sitting in other networks.

A majority of the benefits to be attained by membership of a network cooperative were common to all networks or could be achieved better or more efficiently through association with other networks.

For example: export marketing. We have progressed from SMEs who individually could not afford to market their products overseas, to regional networks where members collectively could market, but now were competing against other similar networks in the same market region.

Moreover, the \$1 spent on marketing was being repeated over say six networks, whereas for \$6 a better and more efficient marketing strategy could be established for all the networks.

Analysis determined that there were many reasons why individual networks would gain by internetworking or networking the networks.

Much like this country, with its Federation of States, we decided that common needs or requirements of the individual networks should be handed up (or down) to a federated network or second tier cooperative.

I purposely suggest that common tasks and opportunities should be transferred up or down to a second tier cooperative, because understanding the pow-

ers of any second tier network is crucial, I suspect, to the success of the concept.

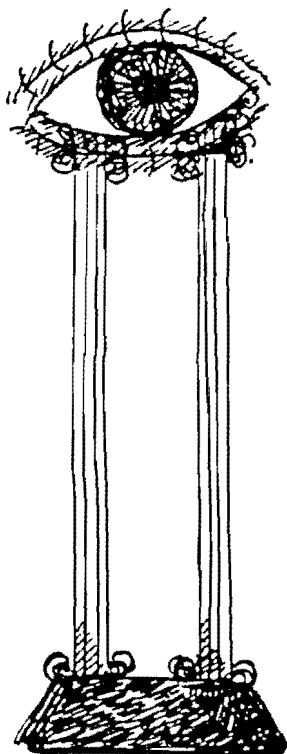
We have not evolved long enough as yet to ascertain 'up' or 'down', however, my feeling is that a second tier network should commence operations as a service entity only, providing services to member networks.

At some stage, however, much like our federation of states, the strength and power will pass from individual networks up to a second tier network. My feeling is also that this should happen slowly, but surely, with an ever present danger of disintegration if pushed to fast.

The concept of second tier cooperatives, like networking, is a relatively new idea for this country, however, it is a proven method of business culture (like networking) that will expand the ability of companies and cooperatives to enter markets and attain capabilities not foreseen by government, or in the business community.

Douglas Watts, Principal, Group Business Services Pty Ltd.

This article is an edited extract from a paper by the same name.



Networking policy: implications

continued from page 9

Because of some of these weaknesses many small and medium size Australian enterprises, including cooperatives, find it difficult to compete in international markets because individually they lack the resources and skills needed to succeed in those markets. Networking can help these type of enterprises overcome those difficulties.

In Australia, and in other western developed economies, governments are implementing programmes which are designed to assist SMEs to overcome some of the weaknesses enumerated and at the same time capitalise on SME's strengths. These programmes in Australia are especially directed towards encouraging SMEs to develop new export markets, to value add and to develop products which will replace imported goods.

Most experts on networking divide networks into three categories:

- ~ Vertical networks - where a number of firms collaborate to produce different stages of the same final product;
- ~ Horizontal networks - where firms which produce the same products and have similar needs enhance market power or reduce costs;
- ~ Knowledge networks - where firms share new information and practices that are mutually useful.

Other workers promoting networks like to distinguish between soft and hard networks.

Soft networks provide training, promote technology transfer and support collaborative activities such as marketing and intelligence gathering between smaller firms in a fragmented industry.

Hard, or formal, networks are for-profit ventures between producers of a like product involving joint production, purchasing or marketing activities.

Quite often soft networks are transformed into hard networks.

It is surprising to promoters of cooperatives in this country that it took the advocates of networks, that is the bureaucrats

and policy makers, so long to realise the advantages networks can bring to SMEs.

Cooperatives have been in existence in Australia for over 100 years and they are good examples of networks in practice. All networks may not be necessarily structured as cooperatives but certainly all cooperatives are in reality networks of people who have bonded together to achieve certain objectives, that individually they were not able to achieve for one reason or another.

Implications for policy makers

1. Policy makers should familiarise themselves with the corporate governance under which cooperatives operate. The cooperative structure and principles that guide cooperatives worldwide are ideally suited as a legal structure under which networks can incorporate.

2. The democratic manner under which cooperatives operate, i.e. one member one vote, suits well networks, where ideally all participating firms should have equal say in formulating the policies and objectives that will guide the network. No one member should benefit at the expense of others, otherwise the network will not survive.

3. Although not all networks will necessarily embrace the cooperative structure, those that do will be guided by the Cooperative Acts that are already in existence in all states and territories. The streamlining of interstate trading between cooperatives will enhance the choice of cooperative structures by networks.

4. Cooperative's rules (articles of association) provide the network founders with a ready mechanism by which they can establish a legal structure around their network which will enable the network to be involved from the beginning in either commercial or non-commercial activities or if the members so desire in both types of activities.

Dr Nick Munk is the Chief Development Officer in the NSW Registry of Cooperatives

Mainstream the focus in Qld co-op sector conference

continued from page 1

environmental management and licensing, cooperative image improvement, business management structures, interstate trading and cooperative legislation and industrial relations.

The key note address of the conference was on the Competition Commission Impact on Cooperatives by the Deputy Chair of the Commission, Allan Asher.

He stressed his primary concern was consumer protection and ensuring the benefits that can flow from open and fair competition are delivered.

It was clear that there is no inherent threat to cooperatives from competition policy; but there are ways in which cooperatives can act that would be regarded as 'anti-competitive'.

The Business Directions session covered the internal and external policy settings necessary for major cooperative enterprises. It emphasised the 'cooperative' features and values in approaching business progress and growth.

The Environmental Management session was an informative guide to the legislative requirements in Queensland. These currently set the highest standards for environment protection of any of the States.

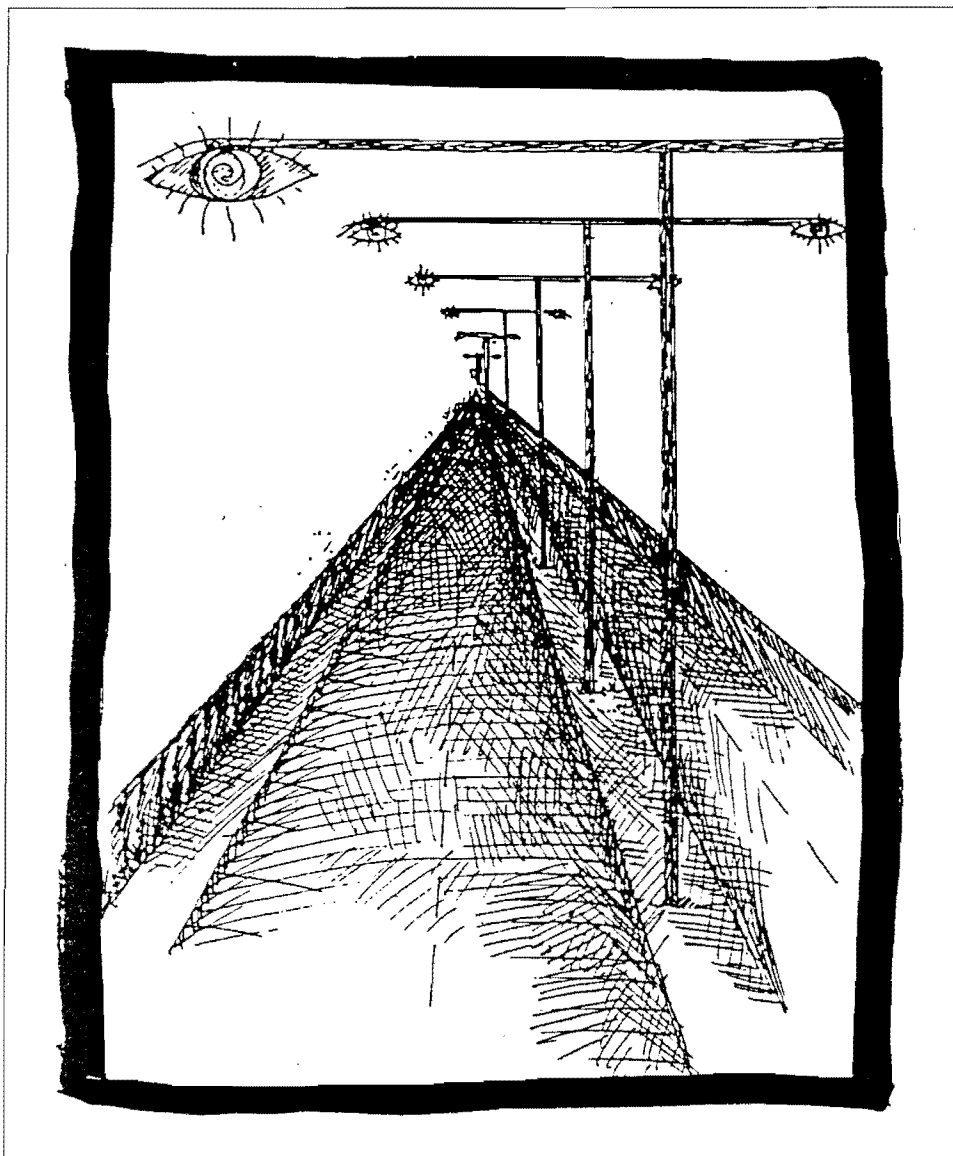
There was a view expressed by some participants that the regulations, with their associated business costs, would have to have some downward pressure applied.

This was in contrast with the views presented in the Image Improvement session. One key point here was on the market and business advantages accruing from positive environment management policies in a co-operative.

The Queensland Timber Board's attempts to gain an environmental credential for their products and their employment of an ex-Greenpeace leader as a consultant, was given as an example of new thinking in business management.

It was stated that the clear ethical advantages of cooperatives, including their democratic structure and their Australian ownership, and the idea of a cooperative brand identity for consumer recognition, can be made part of a movement wide promotional strategy.

The Business Management session was a positive case study example of getting the commercial management and democratic control necessities of a cooperative to harmonise and deliver benefits to members.



Interstate trading was addressed from the point of view of moves to create a consistent national legislative environment for cooperatives. The latest initiatives, with Victoria currently drafting a new Act, were explained.

The Victorian precedent incorporates many of the features necessary to template legislation to enable consistency across states.

Legislative change for Queensland was strongly supported by the conference.

Industrial relations were presented in the context of the changes that are being introduced in the wake of new Coalition Governments.

The probable features of the systems were explained and the various options, and pros and cons of each, were highlighted.

The programme concluded with a question and answer session with all participants, presenters and session facilitators.

Informal contact was facilitated in the planning of the conference and made this year's event particularly valuable.

Art at heart

This cycle of the CCC's Council Papers has been a communication arts collaboration

Artie Ganzas Artists Cooperative and the CCC Secretariat have combined creative efforts through the last year. The Council Papers have always attempted to employ principles of design communication to ensure that the presentation is readily identifiable with the CCC, to make it attractive and inviting to read, and to give art a place at the heart of our community life.

The 95/96 cycle of issues has seen a quantum leap in the format and style of the publication.

For this the Council thanks the featured artists; Anthony Esposito, Jeff Cheyne, Pauline Garner, Christine Zangari, Kerry Petherbridge and Mary-Kate Thomson.

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